



My name is Dan Lennon and I am the President and CEO of the Michigan Turkey Producers. Michigan Turkey was founded in 1999 and today is a \$135 million company marketing a full line of raw and cooked turkey products to several hundred domestic and international customers.

At start up in early 2000, MTP employed 275 associates and produced exclusively a line of raw commodity products. After 2 modestly successful years, the turkey industry suffered through 18 months of commodity pricing which was below cost. We lost money during that timeframe and were very fortunate that pricing improved in 2004 or I probably wouldn't be sitting here before you today.

We had known all along (but after the downturn of 2003 it was critically important) that we needed to focus on value-added. In 2005 we purchased a building and renovated it to cook high quality, value-added turkey products. This decision was not without risk because it significantly increased our debt load and thrust us into a competitive arena occupied by Hormel, Smithfield, Sara Lee, Cargill and dozens of other entrenched brands.

After a year of cooking meat we were at a significant crossroads. We were moderately inefficient and were running out of capacity but were reluctant to spend more money so soon after our initial outlay.

At this point we learned about the Ag Innovation Program Grant from MDA. After considering our options it was determined to apply for a \$250,000 grant in support of a continuous oil fryer and 2 new ovens. Both the existing batch fryer and the ovens were near capacity and because of this constraint we were unable to confidently pursue large new business opportunities.

In applying for the grant, MTP agreed to add 31 jobs to bring cook plant staffing from 43 to 74 associates. The grant was approved and MTP added the ovens and fryer which raised plant capacity from 9 million lbs./year to 24 million lbs. With the newfound capacity, we immediately began to pursue new business and have raised our volume from 7 million lbs. in 2007 to 15 million lbs. today. This new business includes:

- Gordon Food Service.....4 million lbs.
- Panera Bread.....1 million lbs.
- Meijer Stores..... .5 million lbs.
- Jack-in-the-Box.....TBD

Employment at the cook plant has well exceeded the 74 promised jobs and today is at 96.5 associates (includes a "1/2 time" R&D tech). On a company-wide basis, we employ 550 associates plus an additional 200 on the farms. We are not laying anyone off. We will not move to another state. We are a Michigan based business here for the long haul and we provide \$80 million of economic benefit to the state.

We strongly urge you to maintain funding for the Ag Innovation Grant Program. It has gotten Michigan "into the game" in turkey production and has created jobs and value-added revenues which generate tax dollars to pay back the grant investment. And believe me, agriculture is an excellent investment because we are literally rooted here in Michigan with our farms, our plants and our people.

Thank you for your attention.



## **WEST MICHIGAN ECONOMIC IMPACT**

- ❖ **550 jobs created amounting to nearly \$12.0 million in payroll and \$4.4 million in benefits.**
- ❖ **Feed consumption of 4.6 million turkeys**
  - 50M tons of soybeans or \$16.0 million
  - 5.0 million bushels of corn or \$20 million
- ❖ **Utilities**
  - 700,000 gallons of water/day or \$700,000/year.
  - Waste water \$240,000.
  - 16-18 million kwh/year or \$1.0 million year
  - Gas at \$1,300,000
- ❖ **Other Annual Plant Expenditures**
  - \$3-4 million in supplies/chemicals.
  - \$1-2 million in packaging.
  - \$1-2 million in maintenance/repair
  - \$2-2.5 million load and haul (tires, gas, labor)
- ❖ **200 jobs at the farm level worth approximately \$4 million in payroll and \$1.5 million in benefits.**
- ❖ **Poult expenditures of \$8.3 million.**
- ❖ **44 Farm locations and associated tax base.**
- ❖ **Other Farm Expenditures**
  - \$12-14 million in maintenance, supplies, equipment, medicine, etc.

**TOTAL ANNUAL ECONOMIC IMPACT = Over \$80,000,000/year**

**MICHIGAN TURKEY PRODUCERS  
HALL STREET COOK PLANT STAFFING  
3/3/09 COMPARED TO FISCAL YEAR END 2007 AND 2006**

Dept.	Dept. Name	Active Fiscal End 06	Active Fiscal End 07	Active 3/3/09	Difference/Variance Compared to End 06	Difference/Variance Compared to End 07
6000	Hall St. Cook Mgmt.	3	2	2	-1	0
6175	Research & Development	2	3	2.5	0.5	-0.5
5250	Laundry	0	1	0	0	-1
5310	Security	1	1	2	1	1
6400	Warehouse/Shipping	2	2	5	3	3
6500	RAW	6	13	25	19	12
6502	Pump & Tumble	0	2	3	3	1
6570	Rack/Tank	0	2	4	4	2
6600	Ovens	2	5	3	1	-2
6700	RTE	11	21	27	16	6
<b>Subtotal</b>		<b>27</b>	<b>52</b>	<b>73.5</b>	<b>46.5</b>	<b>21.5</b>
6150	QA	4	5	6	2	1
5200	Sanitation	9	12	12	3	0
6320	Maintenance	3	5	5	2	0
<b>Subtotal</b>		<b>16</b>	<b>22</b>	<b>23</b>	<b>7</b>	<b>1</b>
<b>Grand Total</b>		<b>43</b>	<b>74</b>	<b>96.5</b>	<b>53.5</b>	<b>22.5</b>
					<b>124.42%</b>	<b>30.41%</b>

**MICHIGAN TURKEY PRODUCERS  
AVERAGE RATE OF PAY (Without Benefits)  
AS OF 3/3/09**

**TOTAL AVERAGE HOURLY RATE:**

**\$12.94/HOUR**

*Hourly Paid Associates*

*\$11.04/Hour*

*Salary Paid Associates*

*\$33.56/Hour*